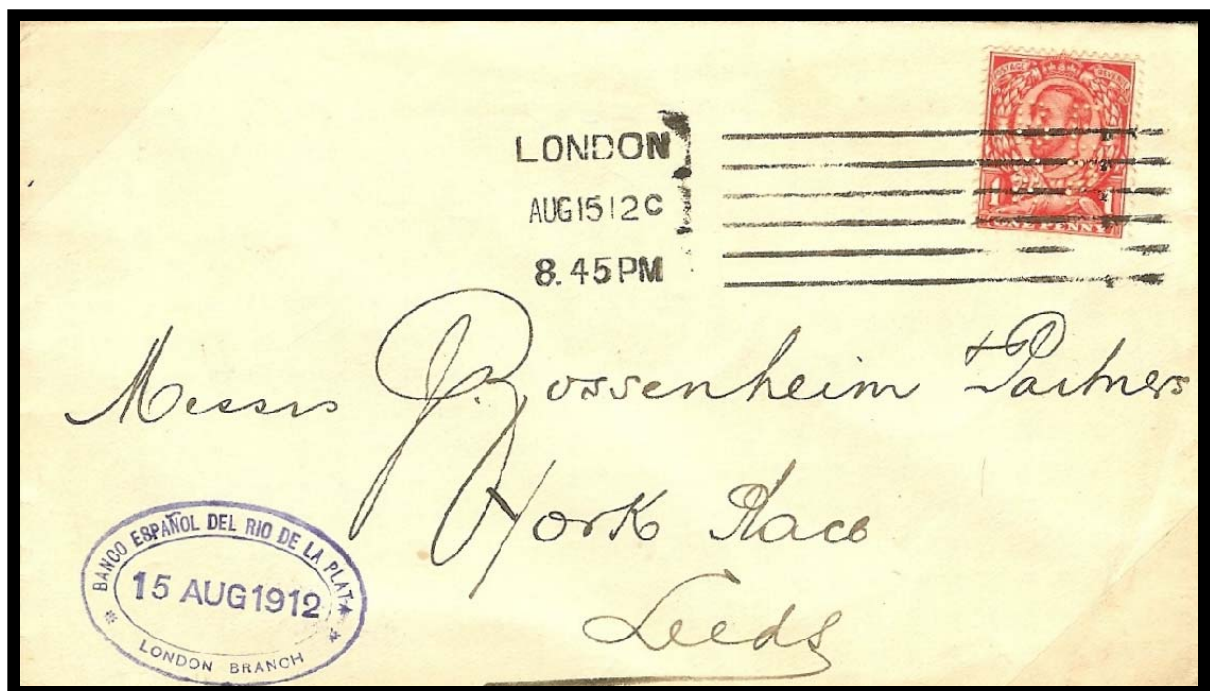


BANCO ESPAÑOL DEL RIO DE LA PLATA

Richard Husband

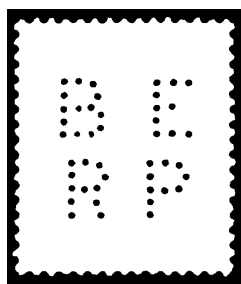
Banco Español was founded in Madrid in 1886. Its head office was in Buenos Aires, Argentina and its London Branch was opened in 1908 at 3 Lombard Street, London E C.



This cover with perfin BE/RP (B2500.02) also has the bank's name printed on the back flap, see above. Kelly's Post Office London Directory gives the bank's new address from April 1912 as 7 Fenchurch Street, London E C. The bank's London Branch remained at this address until 1940, almost certainly closing down as a result of the disruption caused by World War 2.

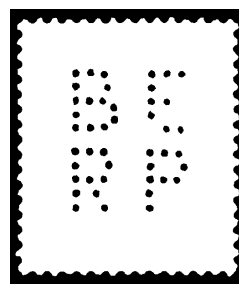
There are two known perfin dies which are illustrated overleaf. Perfin B2500.01M is also known sideways and minor variations in the perforations point to the die being multi-headed.

1912 – 1940



B2500.01M

1910 - 1920



B2500.02

From around 1913, economic pressures affected all the private banks (i.e. non-state owned banks) in Argentina. The cereal crop for 1913/14 was very poor and by June 1914, a state of general depression had developed. The outbreak of World War 1 in July 1914 prompted European investors and migrant workers to realise foreign investments and send monies back to Europe. Consequently, each of the private banks lost around 20 per cent of their deposits which they found somewhat crippling.

Banco Español lent money to finance capital projects in Argentina and, prior to 1914, had been in the habit of paying annual dividends in the region of 10% to 12%. However, in the 10 years or so to 1924, the bank was unable to pay shareholders its customary dividends out of normal profits so it overvalued its investments to create fictitious profits out of which to pay dividends. The bank was rumbled, and on 2 February 1924 had to write down its ordinary share capital from \$100 million to \$25 million and issue a further \$25 million of 7% cumulative preferred shares.



Banco Español del Río de la Plata stock certificate of 1924 showing \$50 million capitalisation

The bank however survived and was later renamed Banco Río de la Plata. It was acquired by Banco Santander in 1996. Banco Santander and Banco Central Hispanoamericana merged in 1999 to form Banco Santander Central Hispano S A.